



Budget Committee
FY 2014-2015
Budget Request

December 2012

Mike Alley
Commissioner
Indiana
Department of Revenue

Friday, December 07, 2012



Indiana Department of Revenue

Mission Statement:

Administer tax laws and collect tax revenues in a fair, consistent and efficient manner for Indiana taxpayers and provide accurate, timely, and reliable funding and information to State and local constituents.

Vision Statement:

Using best practices, the Indiana Department of Revenue will continuously innovate to increase accuracy, efficiency and productivity in all areas of departmental operations and tax administration earning respect, delivering value and being a trusted source of information.

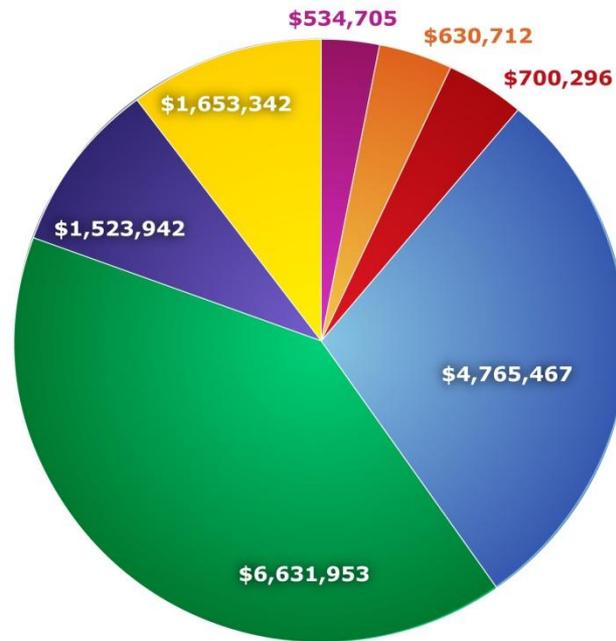




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FY2012 Indiana Tax Descriptions and Receipts

Total Dollars: \$16,440,416



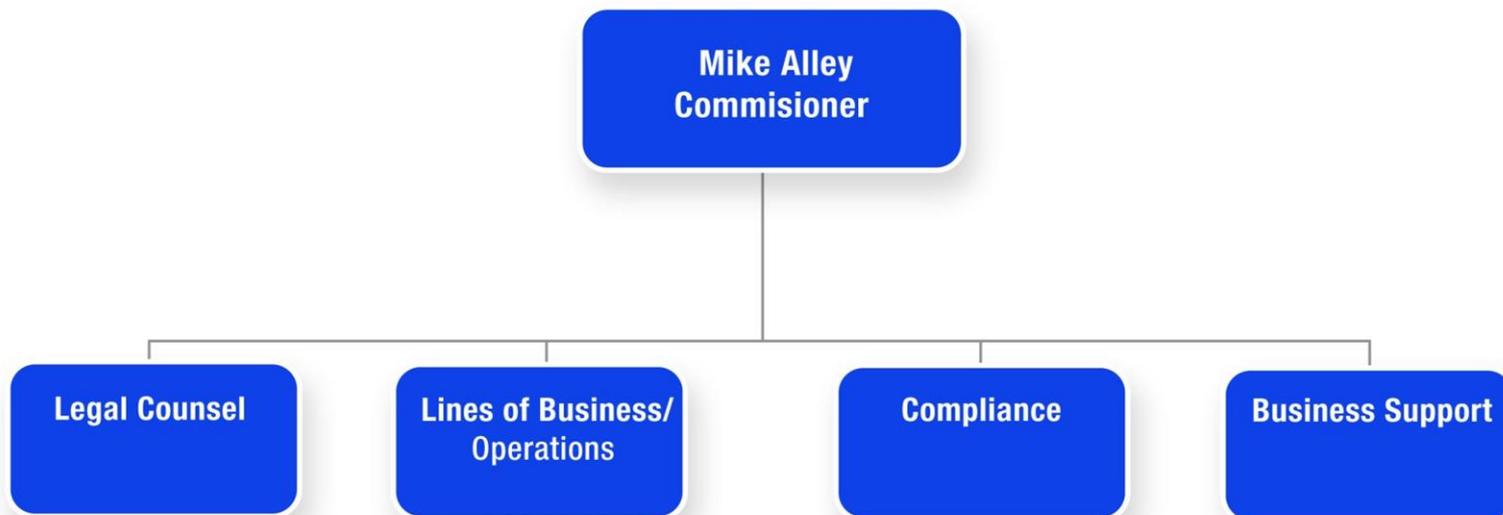
Revenue in \$ thousands





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The People of the Department of Revenue

- Processing





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The People of the Department of Revenue

- Customer Service

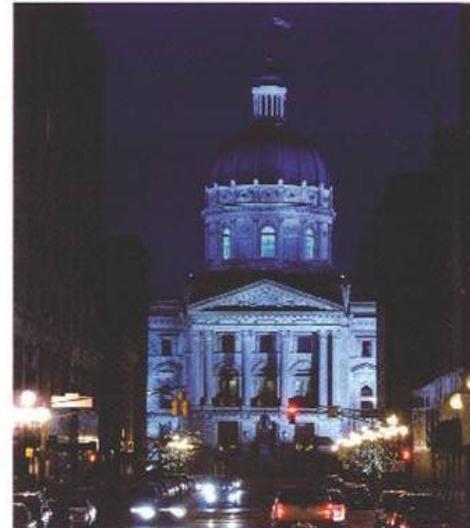




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Deloitte.

Indiana Office of Management & Budget



Financial Operations Risk Assessment of the
Indiana Department of Revenue
August 2012



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Accomplishments:

- Electronic filing (Individual Taxes)

Processing Year	Tax Year	Electronic Filings
2010	2009	67.12%
2011	2010	72.27%
2012	2011	73.17%





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Accomplishments:

- Timeline to surpass 3 million returns

Processing Year	Tax Year	Date to 3 million
2010 ¹	2009	June 23
2011 ²	2010	June 10
2012	2011	May 11

1. Imaging introduced for IT-40
2. Imaging expanded to all IND forms





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Accomplishments:

- Cost of Revenue:

Year	Revenue	Cost	Revenue Per \$1.00 of Cost
2010	\$14,619,779,000	\$63,330,331	\$230.85
2011	\$15,693,707,800	\$60,667,706	\$258.68
2012	\$16,440,415,800	\$59,034,047	\$278.49





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Immediate Priorities:

- Restore Credibility
- Complete relocation of processing center
- Implement eFile mandate
- Implement and test other legislative changes

Long Term Priorities:

- Deliver exceptional customer service
- Process all filings accurately, efficiently and timely
- Ensure consistent and fair compliance
- Provide reliable, relevant and timely information





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Progress on Strategic Priorities

- Redefined mission and vision
- Recruited new leadership
- Re-validated data and programming changes (errors)
- Implemented new procedures and controls, including UAT
- Embracing Deloitte audit and recommendations
- Completed relocation of RPC
- More than 145,000 businesses registered on INTax



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Program Investments

- Strengthen accuracy and reliability of processing and reporting
- Observations from Deloitte Risk Assessment
 1. Technologies outdated and inflexible
 2. Lack of disaster recovery and business continuity plan
 3. Insufficient number of IT personnel with both IT and business process knowledge
 4. Positions unfilled in financial reporting, accounting and business and revenue analysis



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Program Investments:

- Increase tax revenues through enhanced taxpayer compliance
 - 3 areas of non-compliance
 1. Non Filers
 2. Filing but not accurately reporting
 3. Filing but not paying



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Program Investments:

- Annualized impact of adding 6 auditors:

	Potential assessments	Cost	Net benefit
2014-15	\$20,566,000	\$430,000	\$20,136,000



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Program Investments:

- Annualized impact of 9 additional Collectors:

	Potential Collections	Cost	Net Benefit
2014-15	\$18,213,000	\$418,514	\$17,795,000





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- **Program Investments:**
 - Compliance Tools
 - Analytical Trending
 - “Big Data”





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IT Enhancements:

- Organization
- Personnel
- Special Taxes Software
- Upgrading to Best Practices
- Security Enhancements



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General Fund Change Package Request:

	FY2014	FY2015
Strengthen Accuracy of Processing and Reporting		
Systems, servers and software	\$ 644	\$ -
Investments to Enhance Taxpayer Compliance		
Compliance & Collection Personnel	\$ 840	\$ 761
Systems, servers and software	\$ 429	\$ 82
Subtotal	\$ 1,269	\$ 843
Total Investments	\$ 1,913	\$ 843

Dollars in thousands





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Summary

- Control Issues
 - Updated Mission and Vision
 - New leadership in key roles
 - Additional controls and governance
 - Documented processes
 - Processing: efficient – timely – accurate
- Continue Efficient Operations
 - Continued growth of e-filing
 - Continued reliance on IT
 - Best in Class Processes (best practices)



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Summary

- Enhance Compliance
 - Provide level playing field
 - Increase revenue collections
- Produce Information as well as data
 - Relevant and reliable information for action
 - Tailored to stakeholders





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Questions?

